

**Army Regulation 40-65  
NAVMEDCOMINST 6700.4  
AFR 167-13**

**Medical Services**

# **Review Procedures for High Cost Medical Equipment**

**Headquarters  
Departments of the Army,  
the Navy, and the Air Force  
Washington, DC  
1 November 1986**

**Unclassified**

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# ***SUMMARY of CHANGE***

AR 40-65/NAVMEDCOMINST 6700.4/AFR 167-13

Review Procedures for High Cost Medical Equipment

This is a transitional reprint of this publication which places it in the new UPDATE format. Any previously published permanent numbered changes have been incorporated into the text.

Medical Services

## Review Procedures for High Cost Medical Equipment

By Order of the Secretaries of the Army,  
Navy, and Air Force:

JOHN A. WICKHAM, JR.  
*General, United States Army  
Chief of Staff*

Official:

R. L. DILWORTH  
*Brigadier General, United States Army  
The Adjutant General*

J. S. CASSELLS  
*Rear Admiral, Medical Corps  
United States Navy  
Commander, Naval Medical Command*

LARRY D. WELCH  
*General, USAF  
Chief of Staff*

Official:

NORMAND G. LEZY  
*Colonel, USAF  
Director of Administration*

**History.** This UPDATE issue is a reprint of the original form of this regulation that was published on 1 November 1986. Since that time, no changes have been issued to amend the original.

**Summary.** This regulation prescribes revised review procedures for high cost medical equipment. It changes the review threshold for applicable equipment to that with a unit or system cost of \$400,000 or more.

**Applicability.** This regulation applies to all fixed health care activities (HCAs) of the Army, Navy, and Air Force. For Navy users, the procedures prescribed herein are in addition to the requirements stated in the NAVMEDCOM series. This regulation does not apply to the National Guard or the Reserve.

**Proponent and exception authority.** Not applicable

**Impact on New Manning System.** This regulation does not contain information that affects the New Manning System.

**Army management control process.**

This regulation is subject to the requirements of AR 11-2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. These checklists are being developed and will be published at a later date.

**Committee Continuance Approval.** **Supplementation.** Local limited supplementation of this regulation is permitted but is not required. If supplements are issued, Army, Navy, and Air Force Staff agencies and major commands will furnish one copy of each to the office of primary interest of its respective service.

**Interim changes.** Interim changes are not official unless authenticated by The Adjutant General, HQDA. Users will destroy interim changes on their expiration date unless sooner superseded.

**Suggested Improvements.** The Army proponent for this joint publication is the Office of The Surgeon General. Army users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank

Forms) to HQDA (DASG-HCL-S), WASH DC 20310-2300. Navy and Air Force users may send comments and recommendations through normal channels to their respective Surgeon General (Commander, Naval Medical Command, ATTN: MEDCOM-42, Navy Department, WASH DC 20372-5120, for the Navy; and HQ AFMSC/SGSLE, Brooks, AFB, TX 78235-5000, for the Air Force).

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### Glossary

\*This Regulation supersedes AR 40-65/BUMEDINST 6700.38A/AFR 167-13, 15 August 1982.

**RESERVED**

## 1. Purpose

This regulation prescribes responsibilities and procedures for Tri-Service review of requests for medical equipment with a unit or system cost of \$400,000 or more.

## 2. References

*a. Required publication.* Directory of Health Systems Agencies, State Health Planning and Development Agencies, and Statewide Health Coordination Councils is published by the Department of Health and Human Resources (DHHR). It is cited in the glossary under the health systems agency definition. (This publication is available from Department of Health and Human Services, Office of Health Planning, 5600 Fishers Lane, Room 9A-37, Rockville, MD 20857-0001.)

*b. Referenced forms.*

- (1) DD Form 1391 (Military Construction Project data).
- (2) AF Form 332 (Base Civil Engineering Work Request).

## 3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

## 4. Responsibilities

The Army is the proponent, through The Surgeon General (HQDA (DASG-HCL-S), WASH DC 20310-2300), for updating this regulation and coordinating it with the other military departments. The review process for high cost medical equipment is outlined below.

*a. Health care activity.* The HCA will—

(1) Maintain appropriate equipment programs to identify equipment requirements meeting the dollar thresholds.

(2) Submit requests in the format shown in appendix A. No deviations to this format are authorized. Requests for equipment costing \$400,000 or more will be reviewed by the local health systems agency (HSA), the Department of Defense (DOD) regional review committee (DRRC), and by the local Veterans Administration (VA) hospital when that facility is located within 40 miles of the requesting health care activity.

(3) After review, send the request through appropriate Service channels.

*b. DOD regional review committee.* The DRRC will—

(1) Review equipment requests received from HCAs within the region and coordinate requests with other regions when appropriate.

(2) Provide concurrence (or nonconcurrence) based on the total need for the requested item within the region.

(3) Provide rationale for all decisions. Include any dissenting member views that will assist higher level reviewers.

(4) Return all requests to the submitting HCA.

*c. Departmental intermediate level reviewers.* Departmental intermediate level reviewers will—

(1) Determine if the requested item is required to provide the level of care assigned to the requesting HCA.

(2) Determine if manpower levels and levels of care will remain at a level that will sustain the need for the requested item.

(3) Determine if operation and maintenance funds are available to make facility changes, install and inspect equipment, and purchase needed supplies.

(4) Determine if a less expensive alternative exists.

(5) Ensure that cost and workload data are logically developed and accurately presented.

(6) Send approved requests to the departmental medical logistics division.

*d. Departmental medical logistics division.* The departmental medical logistics division will—

(1) Perform an administrative review of each equipment request to be sure it complies with the above instructions.

(2) Perform a technical review of each request to be sure it is a complete system that will do the jobs required by the HCA.

(3) Send requirements to appropriate departmental consultants for review and concurrence or nonconcurrence.

(4) Send requirements to their counterparts in the other two Services for concurrence.

(5) Send a copy of each request to the Deputy Assistant Secretary of Defense (Medical Readiness).

(6) Furnish a copy to the Executive Director, DOD Health Council (DHC).

(7) Review and analyze requirements received from the other Services and recommend that the designated member of the Military Medical Regions Task Group approve or disapprove the request.

*e. Military Medical Regions Task Group.* The departmental member and the Office of the Assistant Secretary of Defense (Health Affairs) (OASD(HA)) representative of the Military Medical Regions Task Group will—

(1) Evaluate the Tri-Service implications of the request.

(2) Resolve any points not resolved at a lower level.

(3) Send approved requests, with formalized recommendations, to the DHC.

*f. The DOD Health Council.*

(1) The DHC will—

(a) Evaluate each item requirement.

(b) Resolve any points not previously resolved.

(c) Approve or disapprove the request.

(d) Forward an annotated copy of each approved request to the respective department's medical logistics division.

(2) Approval by the DHC will not be construed or cited as a basis for sole source procurement.

## 5. Guidance for preparing and processing equipment requests

*a.* Activity responsibilities at each level of the review process are shown in paragraph 4. The review sequence may vary among the military departments with respect to intra-Service review.

*b.* An economic benefit analysis will support all requests for medical equipment (end items or systems) costing \$400,000 or more. Dollar threshold will include all costs actually dealing with the acquisition. These include design, survey, facility alteration, equipment acquisition, personnel training, and installation. The analysis will include an assessment of equipment available in the local area (40-mile radius) from both the Federal and civil sectors.

*c.* In the continental United States (CONUS), Alaska, and Hawaii, the request will be coordinated within the DOD medical region (and adjoining regions if indicated to include VA hospitals within 40 miles of the requesting health care activity) before departmental review.

*d.* For requirements originating outside the 50 States, regional coordination is required when there is another HCA within a 40-mile radius or when an opportunity for sharing services exists. A statement explaining the reason for not providing coordination will accompany the equipment request.

*e.* Within CONUS, Hawaii, and Alaska, the local HSA will review all requests for medical equipment costing \$400,000 or more. This review may be done concurrently with the review by the DOD regional review committee. Copies of correspondence between the requesting activity and the HSA will accompany the request. In areas where the local HSA has been disestablished or is no longer reviewing high cost requirements from DOD medical activities, coordination will be accomplished with the successor organization such as a State health planning agency. In areas which do not have a successor planning agency, a statement to that effect will be included in the equipment request package.

## Appendix A Format for Requesting Medical Equipment

General instructions. The following data must accompany the initial submission of items or systems with a total cost (see para A-5 below) of \$400,000 or more. The format submission will be worded in concise language, responding to each question in the format shown below. The submission will be understandable without the reader having to refer to this format. Do not use the term "not applicable." The submission will state why a question is not applicable. Workload data cited in the submission will pertain only to the equipment or system being requested. The cost analysis section must be complete. Data on cost per procedure and annual costs where services are provided by other Federal facilities must be relatable to workload and cost for performing these same services in-house.

### A-1. Equipment description

- a. Give a complete description of the item. (Include all major attachments or accessories, models, and manufacturer.)
- b. Provide a functional description. Describe what the unit does and its intended use.

### A-2. Basis for requirement

- a. How is the function or task accomplished at present?
- b. What is the current workload? List procedures by type and number.
- c. What is the planned workload? List procedures by type and number. Provide projected annual workload for only the equipment being requested. Explain any difference between current and planned workload.
- d. What savings of time, money, or personnel will be generated? Explain.
- e. Will patient care be improved? How?
- f. What technological advantages are gained?
- g. If a replacement item, provide operational and maintenance history of the item being replaced. This will include age, total days inoperable, maintenance manhours expended, total cost of repairs, and any other information which will support the need to replace the equipment. Additionally, provide proposed disposition of the item being replaced.
- h. How does the equipment support the assigned physician training program?

### A-3. Personnel

- a. Number of qualified personnel required to use the equipment.
- b. Number of qualified personnel currently available.
- c. Operator training requirements.
  - (1) Number of personnel to be trained.
  - (2) How is the training to be accomplished?
- d. Maintenance training requirements.
  - (1) Number of maintenance personnel to be trained.
  - (2) How is training to be accomplished?

### A-4. Equipment installation and support

- a. Where will the equipment be installed?
- b. How will the equipment be installed?
- c. What building modifications (structural and utilities) are required? Include a completed DD Form 1391 (Military Construction Project Data), Air Force Form 332 (Base Civil Engineering Work Request), or comparable documentation with written cost estimate.
- d. How will the equipment be maintained?

### A-5. Cost Analysis

- a. Procurement costs:
  - (1) Acquisition: \$ \_\_\_\_\_
  - (2) Transportation: \_\_\_\_\_
  - (3) Installation (para A-4b): \_\_\_\_\_
  - (4) Facility modification (para A-4c): \_\_\_\_\_
  - (5) Training (para A-3c and A-3d): \_\_\_\_\_
  - (6) Total fixed cost: \$ \_\_\_\_\_
- b. Life expectancy of the item, or system (include rationale used in establishing the life expectancy).
- c. Annual allocation of fixed cost (total fixed cost divided by life expectancy).
- d. Annual operating costs (must be based on workload in para A-2c).
  - (1) Consumable supplies: \$ \_\_\_\_\_
  - (2) Maintenance (para A-4d): \_\_\_\_\_
  - (3) Personnel (para A-3) (include all personnel costs using appropriate standard service tables.): \_\_\_\_\_
  - (4) Total annual operating costs: \$ \_\_\_\_\_
- e. Total annual costs (annual allocation of fixed cost plus total annual operating costs): \$ \_\_\_\_\_
- f. Cost per procedure (para A-5e divided by projected workload in para A-2c): \$ \_\_\_\_\_

### A-6. Availability of similar equipment

- a. Other Federal Health Care Facilities (DOD, Veterans Administration, and Public Health Service).
  - (1) Provide name, location, and distance from your activity.
  - (2) Provide cost per procedure. (For multiple procedures use average costs.) List separately for each facility.
  - (3) Identify patient transportation, travel, and per diem costs. Also, identify other costs such as technical or professional personnel required to accompany patients.
  - (4) Show annual cost if workload in paragraph A-2c is purchased from available Federal sources.
  - (5) Explain why each facility can or cannot satisfy your requirement.
- b. Civilian health care facilities.
  - (1) Provide name, location, and distance from your activity.
  - (2) Provide cost per procedure. (For multiple procedures use average costs.) List separately for each facility.
  - (3) Identify patient transportation, travel, and per diem costs. Also, identify other costs such as technical or professional personnel required to accompany patients.
  - (4) Show annual cost if the workload in paragraph A-2c is purchased from available civilian sources.
  - (5) Explain why each facility can or cannot satisfy your requirement.

## **Glossary**

### **Section I Abbreviations**

#### **CONUS**

continental United States

#### **DRRC**

DOD regional review committee

#### **DHC**

DOD Health Council

#### **DHHR**

Department of Health and Human Resources

#### **DOD**

Department of Defense

#### **HCA**

health care activity

#### **HSA**

health systems agency

#### **OASD(HA)**

Office of the Assistant Secretary of Defense  
(Health Affairs)

#### **VA**

Veterans Administration

### **Section II Terms**

#### **Department medical logistics division**

The functional activity of The Surgeon General of each department that reviews requests from their department and those of the other Services.

#### **DOD Health Council**

Secretary of Defense level organization that coordinates, standardizes, and oversees military health service programs. This includes preprocurement review and approval of all major items of medical equipment or systems with a total cost of \$400,000 or more.

#### **Health care activity**

A fixed health care facility of the Army, Navy, or Air Force Medical Department.

#### **Health systems agency**

A local or area-wide health care planning and coordinating group established by Public Law 93-641 (National Health planning and resources Development Act) as amended. A list of health systems agencies is contained in the DHHR Directory of Health Systems Agencies, State Health Planning and Development Agencies, and Statewide Health Coordinating Councils, July 1983 editions. (See para 2.)

#### **High cost medical equipment**

Medical equipment or systems with a total cost of \$400,000 or more that is required by a health care activity. Total cost includes the sum of the costs shown below:

- (1) Acquisition cost of the end item or

system.

- (2) Transportation costs.

- (3) Installation costs.

- (4) Facility modification and construction costs.

- (5) Cost of training operator and maintenance personnel.

#### **Immediate level reviewers**

Any Departmental intermediate command or Service activity that reviews health care activity medical equipment requests below departmental level.

#### **Military Medical Regions Task Group**

A group composed of a general or flag officer of directorate level from each of the military medical departments and a representative of the OASD(HA).

#### **DOD regional review committee**

The Tri-Service committee established in each DOD military medical region to advise and coordinate matters having Tri-Service implications within each region.

### **Section III**

#### **Special Abbreviations and Terms**

There are no special terms.



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